

## Message Text

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PAGE 01 STATE 207343  
ORIGIN COME-00

INFO OCT-01 EA-12 ISO-00 EB-08 ARA-14 /035 R

DRAFTED BY COM/BED/OED/MEPD/GBURKE:DMW  
APPROVED BY EB/OCA:WERAU  
COM/BED/OED/MEPD/JNRANDOLPH, JR.  
COM/BED/OED/MEPD/LENGLESON,ACT. DIR  
COM/BED/OIM/AWILLIAMS (INFO)  
ARA/ECP:WSKOK(INFO)

-----107780 161707Z /47

R 161525Z AUG 78  
FM SECSTATE WASHDC  
TO AMEMBASSY MANILA

UNCLAS STATE 207343

E.O. 11652:N/A

TAGS: BENC, RP

SUBJECT: MAJOR PROJECT: INTEGRATED STEEL MILL

REF: (A) MANILA 2285; (B) MANILA A-114; MANILA 320

1. U.S. STEEL ENGINEERS AND CONSULTANTS (UEC) ASKED  
USDOC/MEPD IF EMBASSY COULD PROVIDE UPDATE ON PHILIPPINE  
INTEGRATED STEEL MILL PROJECT. PARTICULARLY INTERESTED  
IN WHETHER DECISION HAS BEEN MADE ON SIZE OF MILL AND  
STATUS DECISION TO ACCEPT JAPANESE FEASIBILITY STUDY.

2. FIRM HAS ALSO ASKED ABOUT ANOTHER POSSIBLE INTEGRATED

STEEL PROJECT ON LUZON. IN MARCH 1977 UEC WAS APPROACHED  
BY DOS ISABELOS (DI) HEAVY INDUSTRIES (WTDR REF A) WHICH  
CLAIMS TO BE IN JOINT VENTURE WITH PHILIPPINE PACIFIC  
MANAGEMENT AND DEVELOPMENT CORP (PPMDC), WHICH, IT IS  
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CLAIMED, HAS AUTHORIZATION FROM PRESIDENT MARCOS TO BUILD  
2500 TON PER DAY INTEGRATED STEEL MILL IN CONNECTION WITH  
DEVELOPMENT OF MARCOS CANAL AND LAMON BAY. LATEST DI  
LETTER OF INQUIRY (DTDJULY 18, 1978) CONCERNS SUPPLY OF  
TECHNICAL SERVICES BY UEC BUT ALSO REQUIRES BUYBACK

ARRANGEMENT OVER THREE YEARS OF 50,000 MT/MONTH OF

CHROMITE, 25,000 MT/MONTH OF MANGANESE ORES, 5,000 MT/MONTH OF TITANIUM CONCENTRATES, 1,000 MT/MONTH OF ZIRCONIUM AND 10,000 MT/MONTH OF VANADENITE. DETAILS OF FEASIBILITY STUDIES AND PROJECT FINANCING PROVIDED BY DI WERE SUFFICIENTLY VAGUE TO LEAD UEC TO QUESTION ITS CLAIMS. (FULL PACKET OF UEC/DI CORRESPONDENCE BEING

POUCHED). WOULD APPRECIATE EMBASSY INQUIRIES RE VALIDITY OF INQUIRY TO UEC FROM DI AND VALIDITY OF AGREEMENT BETWEEN DI AND PPMDC. ALSO, DOES DI HAVE AVAILABLE THE RAW MATERIALS IT IS ATTEMPTING TO SELL? DOES THE PPMDC HAVE AUTHORIZATION FROM THE GOP TO BUILD THE PROPOSED MILL? HOW WOULD PROJECT BE FINANCED? CHRISTOPHER

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NNN

## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
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**Copy:** SINGLE  
**Draft Date:** 16 aug 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Enclosure:** n/a  
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**Reference:** 78 MANILA 2285, 78 MANILA A-114, 78 MANILA 320  
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**TAGS:** BENC, RP  
**To:** MANILA  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014